

RECORDATION NO. 26596 FILED

OCT 03 '06

4-35 PM

SURFACE TRANSPORTATION BOARD



FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 500
Rosemont, IL 60018-4214

VIA UPS 2nd DAY AIR

September 29, 2006

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals of a Memorandum of Lease Agreement dated September 22, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Florida East Coast Railway Company
1 Malaga Street
St. Augustine, FL 32085

A description of the railroad equipment covered by the enclosed document is four (4) locomotives, marked FURX 1166, FURX 1171, FURX 2268 and FURX 2273.

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5397. Thank you for your cooperation in this matter.

Very truly yours,


Marcia Dunne
Rail Documentation Specialist

Enclosures
(FEC016)

ASSGN. NO.: FEC016

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MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 22nd day of September, 2006, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Florida East Coast Railway, L.L.C., ("Lessee"), a Florida limited liability company.

W I T N E S S E T H:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of May 1, 2006, whereby Lessor has agreed to lease to Lessee certain locomotives pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of May 1, 2006 and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. SeymourName: RICHARD F. SEYMOUR
Vice President Sales & MarketingBy: Susan GrokulskyName: SUSAN GROKULSKY

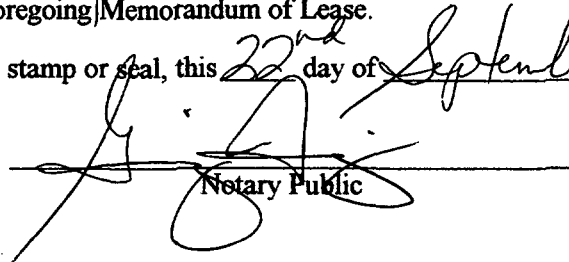
Title: _____

Title: MGR OF DOCUMENTATION Executed on this 22nd day of September, 2006

[CORPORATE SEAL]

STATE OF ILLINOISCOUNTY OF COOK

I, GEORGIA FREIBURGER, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 22nd day of September, 2006.
Notary Public

My Commission Expires:

5-2008
(Notary Public)

LESSEE:

FLORIDA EAST COAST RAILWAY, L.L.C.

By: John McPherson

Name: John McPherson

Title: President & COO

ATTEST:

By: _____

Name: _____

Title: _____

Executed on this _____ day of _____, _____.

[CORPORATE SEAL]

STATE OF Florida

COUNTY OF St. Johns

I, Tammy McKay, a Notary Public of the County and State aforesaid, certify that John McPherson personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 1 day of May, 2006

Tammy C McKay
Notary Public

Commission Expires:

11-11-06
(Notary Public)

TAMMY C. MCKAY
Notary Public, State Of Florida
My commission expires Nov. 11, 2006
Commission No. DD 162920

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF LOCOMOTIVES:	Four (4)
DESCRIPTION OF LOCOMOTIVES:	Two (2) GP40M-3 Two (2) GP38-3
LOCOMOTIVE NUMBERS:	FURX 1166, FURX 1171 FURX 2268, FURX 2273